

RESEARCH

Affluent holiday spending to rise 2.2pc to \$27.8B: study

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By JOE MCCARTHY

Average holiday sales among affluent households is expected to drop two percent to \$2,513, but overall spending is expected to increase 2.2 percent to \$27.8 billion because of a rise in households planning to make purchases, according to a new study by the American Affluence Research Center.

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The "Affluent Marketing Tracking Study #24" found that 97 percent of affluent households will purchase gifts this year, up from 91 percent in 2012. Following this promising news, luxury marketers may amplify efforts to seize greater share of the market during the holiday season.

"Luxury marketers should be heartened that the affluent represent good potential for holiday gift sales if they are presented with attractive product options and good value," said Ron Kurtz, president of the [American Affluence Research Center](#), Atlanta.

"The brands should be focused on where the low-hanging fruit is to be found," he said.

The Affluent Market Tracking Study #24 surveyed a national sample representative of the wealthiest 10 percent of U.S. consumers based on net worth of \$800,000 or more. The respondents reported an average net worth of \$3.1 million.

Bright winter

The study found that affluent adults in each household spent an average of \$2,564 in 2012 and \$2,154 in 2011 on holiday gifts. Earlier studies recorded fluctuating number from \$2,357 in 2010 to \$2,505 in 2008.

Seven percent of affluent consumers say they will increase the amount they spend on holiday gifts this year, and 73 percent say they will spend the same as the year-ago period. These numbers were six percent and 71 percent in the 2012 survey and three percent and 69 percent in the 2011 survey.



Hublot Big Bang watch

Twenty percent of respondents say they will spend less this holiday season. When weighted with responses anticipating greater purchasing, the average change in spending per affluent household is estimated to be negative two percent.

The study found that spending during the holidays rises with income and decreases with age and declining net worth.



Tiffany's New York store window

Forty-four percent of female respondents expect to receive money or gift cards, 33 percent fine jewelry or watches and 31 percent expect clothing.

Forty-six percent of male respondents expect to receive money or gifts cards, 40 percent clothing and 22 percent expect books/DVDS and other items.

The 11.4 million households represented by the American Affluence Research Center

survey account for almost half of total consumer spending, according to the study.

Catching patterns

The American Affluence Research Center regularly investigates affluent behavioral patterns.

For instance, an earlier study found that 80 percent of affluent consumers own at least one type of mobile device and more than 53 percent own two or more.

The “Spring 2013 Affluent Market Tracking Study” found that affluent consumers enjoy being connected online and the consumers who research products online are more likely to purchase them. This means that luxury marketers should increase their online and mobile presence to keep up with their connected target consumers ([see story](#)).

The spike in expected spending this holiday season may come as a surprise in the midst of global strife and a congressional quagmire.

"With the August decline in the stock market and news about Syria and the congressional budget and debt limit battle in September, I was a little surprised that the affluent were as positive about their spending plans as they seem to be," Mr. Kurtz said.

Final take

Joe McCarthy, editorial assistant on Luxury Daily, New York

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